# Kentucky Agricultural Development Fund Update

VOLUME 1, ISSUE 3

DECEMBER 6, 2002

## **ADF Board Meeting in Review**

The Kentucky Agricultural Development Board, chaired by Governor Paul Patton, approved \$597,593.37 in agricultural diversification projects across the Commonwealth at the monthly Board Meeting on November 15.

Seven non-model projects were approved for \$154,000 in state, \$39,500 in KCADE, and \$28,151 in county funds. These projects ranged in scope from educational programming to poultry breeding.

The balance of the funds approved were for the five model programs. Christian County allocated \$40,000 to their county's Cattle Genetics Program. \$47,193 for Forage Improvement Programs was ap-

proved for Greenup, Morgan and Washington counties. Lawrence, Nicholas and Owsley counties allotted a total of \$157,000 to the Cattle Handling Facilities Program. \$40,750 for Goat Diversification was approved for Magoffin and Nelson counties. Agricultural Diversific ation Programs were approved for Clinton, Garrard, Jessamine, and Lawrence counties, totaling \$91,000.

To view details of funding decisions from the November meeting, visit the current press release at http://www.kyagpolicy.com/news.shtml.

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## Cultivating rural prosperity

## DATES TO REMEMBER:

Dec. 13—Board Project Review (Frankfort)

Dec. 20—Board Meeting, 10:00 a.m. KY History Center (Frankfort)

## **KADF Annual Report Released**



The 2002 Annual Report of the Kentucky Agricultural Development Fund was released at the November Agricultural Development Board Meeting in Louisville.

The report highlights the progress of the agricultural development process for the 2002 Fiscal Year (July 2001 to July 2002).

A copy of the report will be mailed to each County Council and all state legislators. The report will also be available on-line at http://www.kyagpolicy.com.

## ADDITION TO THE FORAGE SEEDLIST

As of December 4, Crown Royale is an eligible Orchardgrass variety under the Forage Improvement & Utilization program.

To view an updated seedlist visit http://www.kyagpolicy.com/funds/forage.shtml.

### **Phase II Update**

The Kentucky Tobacco Settlement Trust Corporation, chaired by Governor Paul Patton, announced today the payment rates for the 2002 distribution of the National Tobacco Growers Settlement Trust. Otherwise known as Phase II of the tobacco settlement, the Trust compensates tobacco quota owners, growers and tenants for income losses they incur as the tobacco industry changes. This distribution represents the fourth of the scheduled twelve annual payments from the Trust.

In the first three years, over \$328 million has been distributed through the Trust. This year alone, Kentucky's tobacco farm families will share a total of \$134,261,964. Compensation is provided equally for three factors of tobacco production: quota, land and labor. Quota compensation is based on crop year 2001 basic quota. Land and labor compensation is based on an average of crop years 1998, 1999, and 2000 effective quota and actual marketing. This average is referred to as payment pounds.

The payment rate from the National Trust is 19.66 cents per basic quota pound. Payments to the individuals or entities that control land and employ labor used to produce burley tobacco are based on an average of the three crop years 1998, 1999, and 2000. Individuals will receive a payment that corre-

sponds to their level of production activity in each crop year.

The payment rate for the Growing Farm will be 3.17 cents per payment pound for crop year 1998, 3.87 cents per payment pound for crop year 1999, and 7.63 cents per payment pound for crop year 2000. The payment rate for the Grower/ Tenant will be 3.19 cents per payment pound for crop year 1998, 3.88 cents per payment pound for crop year 1999, and 7.63 cents per payment pound for crop year 2000.

The National Trustee, the JP Morgan/Chase Bank, will issue checks from the National Trust on December 30, 2002.

## **New Application for Agricultural Development Funds**

The Agricultural Development Fund Application has been updated to reflect suggestions made by the Phase I Application Taskforce. The new application asks clearer, more specific questions, and provides a more complete budgeting form. Upon completion, the applicant will have a basic business plan.

This application is for projects that fall outside the scope of the County Model Programs.

The application and instructions are available as separate documents, or as a complete packet. The instructions contain a new section that describes the process once funds have been awarded.

The new application and instructions are available at www.kyagpolicy.com/funds.

All applicants submitting applications after January 1, 2003 must use this application.

### KY Natural Resource Leadership Institute (NRLI) Has Openings for Agriculture Leaders

The Natural Resource Leadership Institute (NRLI) is a leadership development program for individuals in agriculture and natural resource fields. The program includes training in interpersonal communication, conflict resolution, policy-making, networking, and collaborative problem solving to enable participants to be more successful in their business and community activities.

UK's Department of Forestry administers the NRLI program and received \$39,500 in KCADE

funds at the November Agricultural Development Board meeting.

Anyone interested in applying should contact Don Graves (859) 257-7596. The deadline for applications is December 15.

## **The Application Process**

A common question that arises when working with applicants is, "Why does the process take so long?" To give you a better understanding of the application process, below is an outline you can use as a guide. However, take into consideration that this does not include the county level process, as each county has different schedules for meeting dates and reviews.

#### Application Arrives at Governor's Office of Agricultural Policy from the County Council

Upon arrival, the application is given a number and is entered into our database. It is then assigned to a Project Analyst based upon the Extension Area from which the application originates. If the application is received by the end of the month, then it will be put on the referral list for the following month. For example, if an application arrives by December 31, 2002, then it will be referred to the Board's Project Review Committee at the January 2003 Board meeting. The project will then be reviewed at the February 2003 Board Project Review Committee meeting.

#### Staff Review

Each week all Project Analysts meet to review applications referred to the Board. County Model Programs can receive staff approval and begin the funding process before ratification by the Board, if all state guidelines are met or exceeded. For all other applications, the Project Analysts work with the applicants to ensure the application is complete before being reviewed by the Board.

#### **Board Project Review**

The Board Project Review (BPR) Committees meet the second Friday of each month, unless otherwise noted. There are two BPR committees that each review a subset of the applications referred at the prior month's Board meeting. At the BPR meetings, the applications are discussed in detail; one of three recommendations is made by the committee: "fund," "no fund," or "pend." The committees recommendations to "fund" or "no fund" are presented at the full Board meeting the following week. Projects that are pended remain under review and do not go before the full Board until a funding recom-

#### **Board Meeting**

The full Agricultural Development Board meets on the third Friday of each month, unless otherwise noted. The full Board takes the recommendations from the BPR committees and makes the final decision on applications presented at the meeting.

#### After the Board Meeting

Once the Board has made a decision, the applicant will be notified. Applications that were denied will be notified in writing of the reason for denial. Applicants may address the reasons they was not funded and re-submit the application. For applications that have been approved for funds, the Project Analyst will notify the applicant and indicate the date of approval, amount of funding, and confirm any terms placed on the funding by the Agricultural Development Board. The Project Analyst and the Board's Legal Counsel then draft an agreement and send it to the applicant for review.

#### Disbursements

When the organization is ready to begin receiving funds, a "Request for Proceeds," which includes the amount requested, can accompany the returned legal agreement or be returned once the agreement and supporting documents are returned. Checks cannot be cut or released until a signed agreement, signature authorization, and any other requested documents are in the hands of the Board's Legal Counsel. Checks are handled with expediency; the check requests can be processed in approximately 10 days to 2-weeks, provided the prior mentioned documentation is in order. The checks are then mailed with a letter confirming the balance of the grant.

#### The Legal Contract

It is important to follow the instructions contained in the letter from Legal Counsel that accompanies the contract. If the agreement is acceptable, then an authorized individual of the organization/business must sign the agreement and return it. The signed agreement must also be accompanied by a document indicating that the individual executing the agreement possesses the authority from the organization/business to sign said agreement.

#### Reporting & Monitoring

All funded projects are required to fulfill whatever terms and conditions are stipulated at the time of funding. Additionally, there are quarterly and annual reporting requirements as outlined in the legal agreement.

### **Board Adopts Wine & Grape Policy Statement**

At its September 2002 meeting, the Kentucky Agricultural Development Board (KADB) adopted a policy statement regarding the Kentucky Wine Industry. This policy statement came after the release of the Kentucky Wine Industry Report compiled by Motto Kryla Fischer (MKF).

The Policy Statement is a statement of how the KADB will utilize funds in regards to the grape and wine industry. It also outlines steps the Board deems necessary for the advancement of the wine and grape industry in Kentucky.

To view a copy of the Wine Policy Statement, visit our website. For a copy of the Wine Study send a written request to govkyagpolicy@mail. state.ky.us or fax (502) 564-8990.



See page 3 for program amendment related to grape production.

## Model Program Update

## Amendment to the Agricultural Diversification Program

In light of the existing grape glut identified by MKF in the *Kentucky Wine Study*, reimbursement for wine grape vines will not be eligible after January 1, 2003. This program change will be evaluated annually based upon the recommendations of the State Viticulturalist.

### **Save the Date**

#### Farm Family Education Expos

This one-day series of workshops is designed to explore opportunities and services that can help farm families manage the economic transition that they may face.

This winter we will be taking the FFEE to the northeastern and southeastern regions of the state.

#### December 16—Greenbo Lake SRP

Pre-registration through 12/12; registration at the door.

January 23— TBD

More information is available at www.kyagpolicy.com/kcade/ffee.shtml or by calling our office.

## **GOAP** Website Updates

#### **Agricultural Diversification—Amendment #5:**

http://www.kyagpolicy.com/funds/documents/diversification amend5 021018.shtml

#### Cale ndar Updated:

http://www.kyagpolicy.com/calendar.shtml

#### Farm Family Education Expo Material Posted:

http://www.kyagpolicy.com/kcade/ffee.shtml

#### **Wine Policy Statement Posted:**

http://www.kyagpolicy.com/Documents/wine\_policy\_stmt.pdf

#### **Forage Seedlist Updated:**

http://www.kyagpolicy.com/funds/documents/forage\_seedlist.pdf

If you wish to receive any of the documents mentioned in this newsletter either via fax or regular mail, please contact our office by e-mail, govkyagpolicy@mail.state.ky.us, or by phone, (502) 564-4627.

